

**CLAIBORNE PARISH WATERSHED DISTRICT  
HOMER, LOUISIANA**

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**FINANCIAL STATEMENTS  
AND SUPPLEMENTAL INFORMATION  
AS OF AND FOR THE YEAR ENDED  
DECEMBER 31, 2011**

Under provisions of state law this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date OCT 03 2012



**CLAIBORNE PARISH WATERSHED DISTRICT  
HOMER, LOUISIANA**

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## Independent Accountant's Review Report

To the Board of Commissioners  
Claiborne Parish Watershed District

We have reviewed the accompanying financial statements of the governmental activities and the General Fund of the Claiborne Parish Watershed District, a component unit of Claiborne Parish Police Jury, as of and for the year ended December 31, 2011, which collectively comprise the District's basic financial statements as listed in the table of contents. A review includes primarily applying analytical procedures to management's financial data and making inquiries of the management of the Claiborne Parish Watershed District. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

The management of the Claiborne Parish Watershed District is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

Our responsibility is to conduct the review in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. Those standards require us to perform procedures to obtain limited assurance that there are no material modifications that should be made to the financial statements. We believe that the results of our procedures provide a reasonable basis for our report.

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America.

My review was made primarily for the purpose of expressing a conclusion that there are no material modifications that should be made to the financial statements for them to be in conformity with accounting principles generally accepted in the United States of America. The management's discussion and analysis on pages 7 through 9 and budgetary comparison information on page 12 are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting and for placing the basic financial statements in an appropriate operational, economic, or historical context. The supplementary information has not been subjected to the inquiry and analytical procedures applied in the review of the basic financial statements, but it has been compiled from information that is the representation of management. We have not audited or reviewed the supplementary information and accordingly, we do not express an opinion or any other form of assurance on such supplementary information.

In accordance with the *Louisiana Governmental Audit Guide* and the provisions of state law, we have issued a report dated June 29, 2012, on the results of our agreed-upon procedures.

BOSCH & STATHAM, LLC

A handwritten signature in cursive script that reads 'Bosch &amp; Statham'.

Jonesboro, Louisiana  
June 29, 2012



Independent Accountant's Report  
on Applying Agreed-Upon Procedures

To the Management of  
Claiborne Parish Watershed District

We have performed the procedures included in the *Louisiana Government Audit Guide* and enumerated below, which were agreed to by the management of Claiborne Parish Watershed District and the Legislative Auditor, State of Louisiana, solely to assist the users in evaluating management's assertions about Claiborne Parish Watershed District's compliance with certain laws and regulations during the year ended December 31, 2011, included in the accompanying *Louisiana Attestation Questionnaire*. This agreed-upon procedures engagement was performed in accordance with standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. The sufficiency of these procedures is solely the responsibility of the specified users of the report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

*Public Bid Law*

- 1 Select all expenditures made during the year for material and supplies exceeding \$20,000, or public works exceeding \$100,000, and determine whether such purchases were made in accordance with LSA-RS 38 2211-2296 (the public bid law) or R S 39 1551-39 1775 (the state procurement code), whichever is applicable.

*We noted no such expenditures.*

*Conclusion: We noted no errors or exceptions.*

*Code of Ethics for Public Officials and Public Employees*

- 2 Obtain from management a list of the immediate family members of each board member as defined by LSA-RS 42 1101-1124 (the code of ethics), and a list of outside business interests of all board members and employees, as well as their immediate families.

*Management provided us with a list for each of the board members. Five out of seven of the forms did not list any family members or business interests.*

*Conclusion: The forms appear to be incomplete.*

- 3 Obtain from management a listing of all employees paid during the period under examination.

*The District had no employees during 2011.*

*Conclusion: We noted no errors or exceptions.*

Claiborne Parish Watershed District  
Report on Agreed-Upon Procedures – 2011

- 4 Determine whether any of those employees included in the listing obtained from management in agreed-upon procedure (3) were also included on the listing obtained from management in agreed-upon procedure (2) as immediate family members

*The District had no employees during 2011.*

*Conclusion: We noted no errors or exceptions.*

*Budgeting*

- 5 Obtained a copy of the legally adopted budget and all amendments

*Management provided us with a copy of the original budget and the amended budget. There was one amendment during the year*

*Conclusion: We noted no errors or exceptions.*

- 6 Trace the budget adoption and amendments to the minute book

*We traced the adoption of the original budget to the minutes of a meeting held on December 9, 2010.*

*Conclusion: We noted no errors or exceptions*

- 7 Compare the revenues and expenditures of the final budget to actual revenues and expenditures to determine if actual revenues failed to meet budgeted revenues by 5 % or more or if actual expenditures exceed budgeted amounts by 5% or more

*We compared the revenues and expenditures of the final budget to actual revenues and expenditures. Actual revenues exceeded budgeted revenues by 2%. Actual expenditures exceeded budgeted amounts by 6%.*

*Conclusion: Expenditures exceeded the budget by 1% more than allowed.*

*Management's response: The overage was due to an adjustment made during the review. We will strive to prevent such adjustments in the future so as to avoid such overages*

*Accounting and Reporting*

- 8 Randomly select 6 disbursements made during the period under examination and

- a Trace payments to supporting documentation as to proper amount and payee,

*We examined supporting documentation for each of the six selected disbursements and found that payment was for the proper amount and made to the correct payee*

*Conclusion: We noted no errors or exceptions*

Claiborne Parish Watershed District  
Report on Agreed-Upon Procedures – 2011

- b Determine if payments were properly coded to the correct fund and general ledger account, and

*All of the payments were properly coded to the correct fund and general ledger account.*

*Conclusion: We noted no errors or exceptions.*

- c Determine whether payments received approval from proper authorities

*All checks for the six selected disbursements were properly authorized*

*Conclusion: We noted no errors or exceptions*

*Meetings*

- 9 Examine evidence indicating that agendas for meetings recorded in the minute book were posted or advertised as required by LSA-RS 42:1 through 42:12 (the open meetings law)

*Claiborne Parish Watershed District is only required to post a notice of each meeting and the accompanying agenda on the door of the district's office building. Notice of each meeting is published in the upcoming events section of the local newspaper and the agenda is posted at the meeting place. The District maintains a file of agendas that include notations of posting dates.*

*Conclusion: We noted no errors or exceptions.*

*Debt*

- 10 Examine bank deposits for the period under examination and determine whether any such deposits appear to be proceeds of bank loans, bonds, or like indebtedness

*We inspected the deposit journal for the year. We noted no deposits that appeared to include any proceeds.*

*Conclusion: We noted no errors or exceptions.*

*Advances and Bonuses*

- 11 Examine payroll records and minutes for the year to determine whether any payments have been made to employees which may constitute bonuses, advances, or gifts

*The District had no employees during 2011. We read the minutes of the district for the year and noted no approval for the payments noted*

*Conclusion: We noted no errors or exceptions.*

*Prior Comments and Recommendations*

Our prior year report, dated June 29, 2011, included a comment regarding budget variances. See item 7 above

**Claiborne Parish Watershed District  
Report on Agreed-Upon Procedures – 2011**

We were not engaged to, and did not, perform an examination, the objective of which would be the expression of an opinion on management's assertions. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the use of management of Claiborne Parish Watershed District and the Legislative Auditor, State of Louisiana, and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

**BOSCH & STATHAM, LLC**

*Bosch & Statham*

Jonesboro, Louisiana  
June 29, 2012

**LOUISIANA ATTESTATION QUESTIONNAIRE  
(For Attestation Engagements of Government)**

April 2, 2012 (Date Transmitted)

Bosch & Statham, LLC

PO Box 303

Jonesboro, LA 71251-0303 (Auditors)

In connection with your review of our financial statements as of December 31, 2011 and for the year then ended, and as required by Louisiana Revised Statute 24:513 and the *Louisiana Governmental Audit Guide*, we make the following representations to you. We accept full responsibility for our compliance with the following laws and regulations and the internal controls over compliance with such laws and regulations. We have evaluated our compliance with the following laws and regulations prior to making these representations.

These representations are based on the information available to us as of April 2, 2012.

**Public Bid Law**

It is true that we have complied with the public bid law, R.S. Title 38:2211-2296, and, where applicable, the regulations of the Division of Administration and the State Purchasing Office.  
Yes ☒ No ☐

**Code of Ethics for Public Officials and Public Employees**

It is true that no employees or officials have accepted anything of value, whether in the form of a service, loan, or promise, from anyone that would constitute a violation of R.S. 42:1101-1124.  
Yes ☒ No ☐

It is true that no member of the immediate family of any member of the governing authority, or the chief executive of the governmental entity, has been employed by the governmental entity after April 1, 1980, under circumstances that would constitute a violation of R.S. 42:1119.  
Yes ☒ No ☐

**Budgeting**

We have complied with the state budgeting requirements of the Local Government Budget Act (R.S. 39:1301-16), R.S. 39:33, or the budget requirements of R.S. 39:1331-1342, as applicable.  
Yes ☐ No ☒

**Accounting and Reporting**

All non-exempt governmental records are available as a public record and have been retained for at least three years, as required by R.S. 44:1, 44:7, 44:31, and 44:36.  
Yes ☒ No ☐

We have filed our annual financial statements in accordance with R.S. 24:514, and 33:463 where applicable.  
Yes ☒ No ☐

We have had our financial statements reviewed in accordance with R.S. 24:513.  
Yes ☒ No ☐



### Meetings

We have complied with the provisions of the Open Meetings Law, provided in R S 42 1 through 42 13

Yes ☒ No ☐

### Debt

It is true we have not incurred any indebtedness, other than credit for 90 days or less to make purchases in the ordinary course of administration, nor have we entered into any lease-purchase agreements, without the approval of the State Bond Commission, as provided by Article VII, Section 8 of the 1974 Louisiana Constitution, Article VI, Section 33 of the 1974 Louisiana Constitution, and R S 39 1410 60-1410 65

Yes ☒ No ☐

### Advances and Bonuses

It is true we have not advanced wages or salaries to employees or paid bonuses in violation of Article VII, Section 14 of the 1974 Louisiana Constitution, R S 14 138, and AG opinion 79-729

Yes ☒ No ☐

We have disclosed to you all known noncompliance of the foregoing laws and regulations, as well as any contradictions to the foregoing representations We have made available to you documentation relating to the foregoing laws and regulations

We have provided you with any communications from regulatory agencies or other sources concerning any possible noncompliance with the foregoing laws and regulations, including any communications received between the end of the period under examination and the issuance of this report. We acknowledge our responsibility to disclose to you any known noncompliance that may occur subsequent to the issuance of your report.

W. Wayne K. Foster Secretary 6/21/2012 Date

William C. Foster Treasurer 6-21-2012 Date

Rabuth. Hayman President 6-21-12 Date

**Claiborne Parish Watershed District**  
Homer, Louisiana  
Management's Discussion and Analysis  
December 31, 2011

As management of the Claiborne Parish Watershed District, we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the year ended December 31, 2011. We encourage readers to consider the information presented here, in conjunction with the basic financial statements, and the supplementary information provided in this report in assessing the efficiency and effectiveness of our stewardship of public resources.

**Overview of the Financial Statements**

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements are comprised of three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

***Government-wide Financial Statements.*** The government-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business.

The statement of net assets presents information on all of the District's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The statement of activities presents information showing how the District's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (for example, earned but not taken annual leave).

***Fund Financial Statements.*** A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the current funds of the District are included in one category - governmental funds.

***Governmental Funds.*** Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the year. Such information may be useful in evaluating a government's near-term financing requirements.

Management's Discussion and Analysis  
December 31, 2011

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

**Government-wide Financial Analysis.** As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. The following tables focus on net assets and changes in net assets for the District's governmental activities.

NET ASSETS

	2011	2010
Current and other assets	\$ 799,783	\$ 837,174
Liabilities		
Accounts payable	1,279	600
Certificates of indebtedness	78,000	244,000
Total liabilities	79,279	244,600
Net assets		
Unrestricted	720,504	592,574
Total net assets	\$ 720,504	\$ 592,574

CHANGES IN NET ASSETS

	2011	2010
<b>Revenues</b>		
General revenues		
Sales taxes	\$ 184,242	179,191
Franchise taxes	15,179	16,370
State grants	-	263,978
Other general revenues	1,599	3,247
Total revenues	201,020	462,786
<b>Program expenses</b>		
Accounting	1,867	1,775
Bank fees	20	15
Events	1,000	1,000
Interest expense	4,926	9,144
Lake development programs	-	432,008
Legal	250	-
Legal advertising	520	290
Office expenses	1,135	6,857
Postage and shipping	449	153
Promotion and community relations	1,676	4,902
Rent	4,800	4,800
Repairs and maintenance	40,929	-
Safety patrol services	10,420	8,540
Tax collection fees	5,098	5,826
Total expenses	73,090	475,310
Increase (decrease) in net assets	\$ 127,930	\$ (12,524)

Management's Discussion and Analysis  
December 31, 2011

Liabilities include accounts payable and certificates of indebtedness. Assets include cash and equivalents and sales taxes receivable.

***Financial Analysis of the Government's Funds*** The District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The focus of the governmental fund (General Fund) is to provide information on near-term revenue, expenditures, and balances of expendable resources. This information is used in assessing the financing requirements of the District. Unreserved fund balances may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of December 31, 2011, the General Fund fund balance of \$798,504 showed a decrease of \$38,070 over December 31, 2010's amount.

**Budgetary Highlights**

The District made one amendment to the 2011 budget. The original adopted budget reflected revenues and expenditures of \$204,550 and \$106,350, respectively. The final budget reflected revenues of \$196,200 and expenditures of \$225,600. The amendment primarily affected debt service expenditures. The District has made payments ahead of scheduled payments. Actual revenues and expenditures were within 2% and 6%, respectively, of budgeted amounts.

**Economic Factors and Next Year's Budgets**

The District's financial plan for this upcoming year is well underway since the adoption of a realistic budget that meets the District's needs while protecting the long-term financial stability of the District.

**Requests for Information**

This financial report is designed to be a summary of the District's finances. If there are any questions regarding any information, a request can be made in writing to the Claiborne Parish Watershed District, at P O Box 266, Homer, Louisiana 71040.

**CLAIBORNE PARISH WATERSHED DISTRICT  
HOMER, LOUISIANA**

**BALANCE SHEET AND STATEMENT OF NET ASSETS  
AS OF DECEMBER 31, 2011**

	GENERAL FUND	ADJUSTMENTS	STATEMENT OF NET ASSETS
<b>ASSETS</b>			
Cash	\$ 226,180	\$ -	\$ 226,180
Investments	550,000	-	550,000
Receivables	23,603	-	23,603
<b>TOTAL ASSETS</b>	<u>\$ 799,783</u>	<u>\$ -</u>	<u>799,783</u>
<b>LIABILITIES</b>			
Accounts payable	\$ 1,279	\$ -	1,279
Noncurrent liabilities			
Due within one year	-	-	-
Due in more than one year	-	78,000	78,000
Total liabilities	<u>1,279</u>	<u>78,000</u>	<u>79,279</u>
Fund balance - restricted for lake programs	744,660	(744,660)	-
Fund balance - restricted for debt service	53,844	(53,844)	-
Total fund balances	<u>798,504</u>	<u>(798,504)</u>	<u>-</u>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<u>\$ 799,783</u>		
<b>NET ASSETS</b>			
Net assets, unrestricted		<u>\$ 720,504</u>	<u>\$ 720,504</u>
<b>TOTAL NET ASSETS</b>		<u>\$ 720,504</u>	<u>\$ 720,504</u>

*See accompanying notes and accountant's report*

**CLAIBORNE PARISH WATERSHED DISTRICT  
HOMER, LOUISIANA**

**STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES AND STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2011**

	GENERAL FUND	ADJUSTMENTS	STATEMENT OF ACTIVITIES
<b>Expenditures/expenses</b>			
Accounting	\$ 1,867	\$ -	\$ 1,867
Bank fees	20	-	20
Events	1,000	-	1,000
Legal	250	-	250
Legal advertising	520	-	520
Office expenses	1,135	-	1,135
Postage and shipping	449	-	449
Promotion and community relations	1,676	-	1,676
Rent	4,800	-	4,800
Repairs and maintenance	40,929	-	40,929
Safety patrol services	10,420	-	10,420
Tax collection fees	5,098	-	5,098
Debt service	170,926	(166,000)	4,926
<b>Total expenditures/expenses</b>	<b>239,090</b>	<b>(166,000)</b>	<b>73,090</b>
<b>General revenues</b>			
Taxes			
Sales taxes	184,242	-	184,242
Franchise taxes	15,179	-	15,179
Interest earned	89	-	89
Other revenues	1,510	-	1,510
<b>Total general revenues</b>	<b>201,020</b>	<b>-</b>	<b>201,020</b>
<b>Change in fund balance/net assets</b>	<b>(38,070)</b>	<b>(166,000)</b>	<b>127,930</b>
Fund balance/net assets at beginning of year	836,574	300,000	592,574
<b>Fund balance/net assets at end of year</b>	<b>\$ 798,504</b>	<b>\$ 134,000</b>	<b>\$ 720,504</b>

*See accompanying notes and accountant's report*

**CLAIBORNE PARISH WATERSHED DISTRICT  
HOMER, LOUISIANA**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -  
BUDGET TO ACTUAL  
FOR THE YEAR ENDED DECEMBER 31, 2011**

	<b>BUDGETED AMOUNTS</b>		<b>ACTUAL</b>	<b>VARIANCE WITH FINAL BUDGET</b>
	<b>ORIGINAL</b>	<b>FINAL</b>		
<b>Revenues</b>				
Taxes	\$199,000	\$ 191,000	\$ 199,421	\$ 8,421
Investment earnings	5,550	3,700	89	(3,611)
Other revenues	-	1,500	1,510	10
<b>Total revenues</b>	<u>204,550</u>	<u>196,200</u>	<u>201,020</u>	<u>4,820</u>
<b>Expenditures - water and soil conservation</b>				
Accounting	1,800	1,900	1,867	33
Bank fees	50	50	20	30
Events	1,000	1,000	1,000	-
Lake development programs	50,000	-	-	-
Legal	500	300	250	50
Legal advertising	500	500	520	(20)
Office expenses	7,500	1,100	1,135	(35)
Postage and shipping	150	400	449	(49)
Promotion and community relations	5,250	1,750	1,676	74
Rent	4,800	4,800	4,800	-
Repairs and maintenance	5,000	25,500	40,929	(15,429)
Safety patrol services	12,000	12,000	10,420	1,580
Tax collection fees	6,200	5,400	5,098	302
Travel and meetings	300	-	-	-
Debt service	65,300	170,900	170,926	(26)
<b>Total expenditures</b>	<u>160,350</u>	<u>225,600</u>	<u>239,090</u>	<u>(13,490)</u>
<b>Change in fund balance</b>	44,200	(29,400)	(38,070)	(8,670)
Fund balance at beginning of year	518,421	518,421	836,574	318,153
<b>Fund balance at end of year</b>	<u>\$562,621</u>	<u>\$ 489,021</u>	<u>\$ 798,504</u>	<u>\$ 309,483</u>

*See accompanying notes and accountant's report*

**CLAIBORNE PARISH WATERSHED DISTRICT  
HOMER, LOUISIANA**

**NOTES TO THE FINANCIAL STATEMENTS  
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2011**

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**Introduction**

Claiborne Parish Watershed District (the District) was created in 1966 by Louisiana Revised Statute 38 2861, et seq. The District is governed by a seven member board of commissioners, appointed by the Claiborne Parish Police Jury. Commissioners serve four-year terms without compensation. During 2011, the District had no employees.

The District is responsible for Claiborne Parish including Lake Claiborne. The District's purpose is the conservation of soil and water, including surface and groundwater, and developing the natural resources and wealth of the district for sanitary, agricultural, industrial, and recreational purposes, as the same may be conducive to the public health, safety, convenience, or welfare or of public utility or benefit.

**Reporting entity**

As the governing authority of the parish, for reporting purposes, the Claiborne Parish Police Jury is the financial reporting entity for Claiborne Parish. The financial reporting entity consists of (a) the primary government (police jury), (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Governmental Accounting Standards Board (GASB) Statement No. 14 establishes criteria for determining which component units should be considered part of the Claiborne Parish Police Jury for financial reporting purposes. The basic criteria for including a potential component unit within the reporting entity is financial accountability. The GASB has set forth criteria to be considered in determining financial accountability. This criteria includes:

1. Appointing a voting majority of an organization's governing body, and,
  - a. The ability of the police jury to impose its will on that organization and/or,
  - b. The potential for the organization to provide specific financial benefits to or impose specific financial burdens on the police jury.
2. Organizations for which the police jury does not appoint a voting majority but are fiscally dependent on the police jury.
3. Organizations for which the reporting entity's financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

*See accountant's report*



**CLAIBORNE PARISH WATERSHED DISTRICT  
HOMER, LOUISIANA**

**NOTES TO THE FINANCIAL STATEMENTS (Continued)  
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2011**

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**Reporting entity (Continued)**

Because the police jury appoints the board of commissioners and the District provides services to all residents of Claiborne Parish, the Claiborne Parish Watershed District was determined to be a component unit of the Claiborne Parish Police Jury, the financial reporting entity. The accompanying financial statements present information only on the funds maintained by the District and do not present information on the police jury, the general government services provided by that governmental unit, or the other governmental units that comprise the financial reporting entity.

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Government-wide and fund financial statements**

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the District. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. The District has no business-type activities.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds and proprietary funds. All individual governmental funds and individual enterprise funds are reported as separate columns in the fund financial statements. The District has only a General Fund.

*See accountant's report*

**CLAIBORNE PARISH WATERSHED DISTRICT  
HOMER, LOUISIANA**

**NOTES TO THE FINANCIAL STATEMENTS (Continued)  
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2011**

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**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Measurement focus, basis of accounting, and financial statement presentation**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Sales taxes, franchise taxes, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The Claiborne Parish Watershed District reports only a General Fund at this time. The General Fund is the entity's operating fund. It accounts for all financial resources of the entity.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the government-wide financial statements to the extent that those standards do not conflict with, or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The government has elected not to follow subsequent private-sector guidance.

When both restricted and unrestricted resources are available for use, it is the entity's policy to use restricted resources first, then unrestricted resources as they are needed.

**Fund Balance Type Definitions**

In accordance with Government Accounting Standards Board 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, Claiborne Parish Watershed District classifies governmental fund balances as follows:

- |               |                                                                                                                                                                                                                        |
|---------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Non-spendable | Includes fund balance amounts that cannot be spent either because it is not in spendable form or because of legal or contractual constraints.                                                                          |
| Restricted    | Includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors or amounts constrained due to constitutional provisions or enabling legislation. |

*See accountant's report*

**CLAIBORNE PARISH WATERSHED DISTRICT  
HOMER, LOUISIANA**

**NOTES TO THE FINANCIAL STATEMENTS (Continued)  
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2011**

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**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Fund Balance Type Definitions (Continued)**

Committed	Includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision making authority and does not lapse at year-end. Fund balance may be committed by the Claiborne Parish Watershed District
Assigned	Includes fund balance amounts that are intended to be used for specific purposes that are neither considered restricted or committed. Fund balance may be assigned by the Claiborne Parish Watershed District
Unassigned	Includes positive fund balance within the General Fund which has not been classified within the above mentioned categories and negative fund balances in other governmental funds

**Cash and cash equivalents**

The entity's cash and cash equivalents consist of cash on hand and demand deposits. As management does not consider certificates of deposit or short-term investments to be readily available, these instruments are not considered cash equivalents.

**Investments**

State law and the Claiborne Parish Watershed District's investment policy allow the entity to invest in collateralized certificates of deposits, government backed securities, commercial paper, the state sponsored investment pool, and mutual funds consisting solely of government backed securities. At December 31, 2011, investments consist solely of certificates of deposit.

**Receivables and payables**

All receivables are considered to be collectible, therefore, no provision for uncollectible amounts is made.

**Long-term debt**

In the government-wide financial statements, long-term debt, such as certificates of indebtedness are reported as liabilities in the applicable governmental activities. In the fund financial statements, governmental fund types recognize long-term debt only to the extent that they will be paid with current resources.

**Sales taxes**

The District has a 12.5 percent sales and use tax, which was passed by the voters for a period of seven years beginning January 1, 2007 to fund the operations of the District. The Claiborne Parish School Board serves as the collection agency for the parish. The school board's tax department provides collection services for a fee of three percent of amounts actually collected.

*See accountant's report*

**CLAIBORNE PARISH WATERSHED DISTRICT  
HOMER, LOUISIANA**

**NOTES TO THE FINANCIAL STATEMENTS (Continued)  
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2011**

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**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenditures, and expenses during the reporting period. Actual results could differ from those estimates.

**Reconciliations of government-wide and fund financial statements**

The reconciliation of the items reflected in the fund statements to the government-wide statements is as follows:

Fund balance	\$798,504
Long-term liabilities, such as certificates of indebtedness, are not due and payable in the current period and are therefore not reported in the governmental fund balance sheet	<u>(78,000)</u>
Net assets of governmental activities	<u>\$ 720,504</u>
Net change in fund balance	\$ (38,070)
The governmental funds report the retirement of long-term debt as an expenditure. However, in the government-wide financial statements, that amount representing principal on long-term debt is not treated as an expense but is instead applied against outstanding long-term debt on the Statement of Net Assets	<u>166,000</u>
Change in net assets of governmental activities	<u>\$ 127,930</u>

**NOTE B - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

Prior to November 30th, the Treasurer submits to the Board a proposed operating budget for the ensuing year. A public hearing is conducted in December to obtain taxpayer comment and the budget is legally adopted. Appropriations lapse at the end of each fiscal year.

*See accountant's report*

**CLAIBORNE PARISH WATERSHED DISTRICT  
HOMER, LOUISIANA**

**NOTES TO THE FINANCIAL STATEMENTS (Continued)  
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2011**

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**NOTE C - CASH AND CASH EQUIVALENTS**

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District's policy to ensure that there is no exposure to this risk is to require each financial institution to pledge its own securities to cover any amount in excess of Federal Depository Insurance Coverage. Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the District that the fiscal agent bank has failed to pay deposited funds upon demand. Accordingly, the District had no custodial credit risk related to its deposits at December 31, 2011.

Under state law, the District may deposit funds in demand deposits, interest bearing demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law and national banks having principal offices in Louisiana. At December 31, 2011, the District has demand deposits (book balances) totaling \$226,180.

These deposits are stated at cost, which approximates market. Cash and cash equivalents (bank balances) at December 31, 2011, are \$229,845. As of December 31, 2011, the District's deposits are secured by federal deposit insurance.

**NOTE D - RECEIVABLES**

The receivables of \$23,603 at December 31, 2011, consist of sales taxes receivable.

**NOTE E - LONG-TERM DEBT**

The following is a summary of long-term debt transactions for the year ended December 31, 2011:

Long-term debt at January 1st	\$ 244,000
Reductions	<u>(166,000)</u>
Long-term debt at December 31st	<u>\$ 78,000</u>

Outstanding certificates of indebtedness consist of the following individual issues:

Certificates of Indebtedness - \$300,000 issued April 6, 2009, due in annual installments of \$9,000 to \$55,000 through March 1, 2014, interest at 3.9% per annum	<u>\$ 78,000</u>
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*See accountant's report*

**CLAIBORNE PARISH WATERSHED DISTRICT  
HOMER, LOUISIANA**

**NOTES TO THE FINANCIAL STATEMENTS (Continued)  
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2011**

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**NOTE E - LONG-TERM DEBT (CONTINUED)**

The annual requirements to amortize all certificates of indebtedness outstanding at December 31, 2011, are as follows

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	\$ -	\$ 3,042	\$ 3,042
2013	14,000	2,496	16,496
2014	64,000	1,086	65,086
	<u>\$ 78,000</u>	<u>\$ 6,624</u>	<u>\$ 84,624</u>

**NOTE F - RISK MANAGEMENT**

The District is exposed to risks of loss in the normal course of business for which it purchases commercial insurance policies. There have been no significant reductions in insurance coverage from coverage in the prior year by major categories of risk and no settlements exceeded insurance coverage for each of the past three fiscal years.

**NOTE G - CONTINGENT LIABILITIES**

The District is not involved in any litigation as of December 31, 2011.

**NOTE H - SUBSEQUENT EVENTS**

Management has evaluated subsequent events through June 29, 2012, the date on which the financial statements were available to be issued.

*See accountant's report*